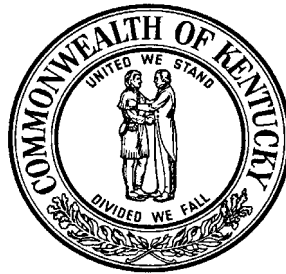


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AGREED-UPON PROCEDURES ENGAGEMENT  
OF THE  
FORMER DAVIESS COUNTY  
PROPERTY VALUATION ADMINISTRATOR**

**For The Period December 1, 2005  
Through November 30, 2006**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet  
The Honorable J. Ron Durbin  
Former Daviess County Property Valuation Administrator  
The Honorable Sandy Dawdy  
Daviess County Property Valuation Administrator  
Owensboro, Kentucky 42303

We have performed the procedures enumerated below, which were agreed to by the former Daviess County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for period December 1, 2005 through November 30, 2006. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Daviess County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (October 31, 2006), for all bank accounts, to determine if amounts are accurate.

Finding -

Receipts and disbursements ledgers are maintained. Bank reconciliations are completed each month. The year-end bank reconciliations are accurate.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

Recorded city receipts agreed with confirmations and the list of city receipts appeared complete.



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(Continued)

3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

The fiscal court budgeted the appropriate statutory contribution as required by the Department of Revenue. However, the appropriate statutory contribution was not paid to the PVA. The Fiscal Court deducted \$2,250 for cleaning and the remaining balance of \$104,550 was paid. The PVA deposited the fiscal court payments to the local official bank account.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Selected disbursements had proper supporting documentation and all were for official business. However, the PVA did not use the appropriate per diem rates for items tested. Credit card expenditures were all for official business.

*Former PVA J. Ron Durbin's Response - Disagree.*

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Capital outlay disbursements agreed with cancelled checks, supporting documentation and proper purchasing procedures. The location of newly acquired assets was verified. Capital Assets were added to the PVA's Capital Asset Inventory List.

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Daviess County Property Valuation Administrator  
(Continued)

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The PVA was not paying vehicle lease payments based upon lease agreements. We were unable to determine if the professional service contract for computer maintenance had been paid appropriately since the PVA only had a verbal agreement. The PVA did not have any personal service contracts. Also, services received appeared to have been appropriate, for official business, and properly authorized.

*Former PVA J. Ron Durbin's Response - \$15.00 U-Drive permit Toyota - use tax added to Nissan.*

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The final budget was overspent in all account series with the exception of Kentucky State Treasurer - Personal Cost

*Former PVA J. Ron Durbin's Response - Agree.*

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Collateral was necessary for the PVA's funds. The PVA was not sufficiently collateralized for the year and no collateral agreement existed.

*Former PVA J. Ron Durbin's Response - Disagree.*

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Daviess County Property Valuation Administrator  
(Continued)

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Timesheets do not appear to have been completed, maintained or support hours worked. Auditor noted some instances when the Daily Time Attendance Log Sheets would be blank with the exception of time taken off. Therefore, Auditor was not able to determine the total number of hours worked.

*Former PVA J. Ron Durbin's Response - Steps taken to correct.*

10. Procedure-

Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

Cash balances were properly transferred from former PVA to new PVA

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

Engagement fieldwork completed -  
December 1, 2006

